



FOOD PACKAGING
AND EQUIPMENT

Globus Group Pty Ltd
ABN 94 000 070 155

1 Hartzell Place
Bankstown NSW 2200
Box VU
Bankstown Airport NSW 2200
Australia
Tel: +61 (2) 8700 1700
Fax: +61 (2) 8700 1790

10th November, 2008.

Ms Natalie Ahon
National Packaging Covenant
Level 6, 457 St Kilda Road,
Melbourne, Vic., 3004.

Subject: Globus Group NPC Annual Report – October, 2008.

Dear Natalie,

Please see attached a copy of the "Globus Group NPC Annual Report – October, 2008". This report is endorsed by Mr. Michael Jar, Chief Executive Officer, Globus Group.

Also, please note that I completed the 2008 Industry Data Aggregation System (IDAS) on line on 3.11.08.

Yours faithfully,

A handwritten signature in black ink, appearing to read "Gordon Greenaway".

Gordon Greenaway
Technical Manager

Endorsed by,

A handwritten signature in black ink, appearing to read "Michael Jar".

Michael Jar
CEO, Globus Group

Ph: 02 8700 1778

Mob: 0439 899 910

Email: gordon.greenaway@globusgroup.com.au

Globus Group NPC Annual Report - October, 2008

Executive Summary

Globus has made significant progress in relation to its action plan and KPI's as set in October 2005 for the period of 2006-2010.

There have been many changes at Globus that have contributed to this successful implementation of the action plan that has resulted in many of the actions being completed. Such changes include new staff, new machinery and new processes that lead to greater efficiency in the manufacture of packaging for the food industry.

Globus Group aims to continue to implement and train its staff in the ECoPP and recognises its responsibility to the natural environment. Globus having transitioned to a new Inventory and Financial computer system called IFS version 7 continues to improve our utilisation of this resource for tighter controls on raw materials, finished goods and scrap. This results in less wastage and better utilisation of current and new machinery.

Company Overview

Globus is a specialist supplier of innovative packaging and equipment for perishable foods. Globus integrates leading technologies in barrier films, bags, casings and processing equipment, delivering solutions that make process and profit sense for our customers.

Our passion for product leadership is matched by our seamless delivery, a service standard we call "Perfect Order."

Globus Group operates converting facilities in both Sydney and Wellington. Our warehouse distribution and sales centres are in Sydney, Melbourne, Brisbane, Perth, Wellington and Auckland. Production capabilities include:

- Flexographic printing
- Solventless Lamination
- Bag making
- Shirring
- Top Tying
- Clipping and closing
- Centre-sealing
- Slitting

The most valuable contribution that Globus can make to saving environmental waste of all types, including packaging, is to work with perishable food manufacturers to apply packaging and packaging methods to extend shelf life so that retail stores throw out as little as possible date expired foods.

History

Globus Group was founded in Australia in 1949 by lifelong friends and business partners Paul Sten and Emanuel Fisher. As recent immigrants to Australia, Sten and Fisher saw a need for quality smallgoods products and soon began importing artificial sausage casings for local manufactures.

In 1951 with the invention of indelible, food-safe inks, Globus were the first company in Australia to give customers the option of printing brand names and logos onto food casings. So ahead of its time was Globus' branding and marketing initiative that many smallgoods manufactures initially rejected the idea.

Today it would be impossible for perishable food manufactures to succeed without professional branding and packaging design.

Globus still prides itself on being at the forefront of packaging and equipment advances, introducing numerous technical and procedural innovations over the subsequent years.

While Globus Group has evolved, grown and become a technological leader in the food packaging industry, the original aims of Paul Sten and Emanuel Fisher are still applicable.

Globus Group will always encourage and foster excellence within the Australian food industry by providing quality products, expertise, exceptional technical ability, imagination and superior service to our customers.

Customers & Products

Globus' customers range in size from small wholesale butchers' suppliers to large national and international food manufacturing businesses.

Packaging product categories are as follows:

Fibrous – a cellulosic food casing that is primarily used in smallgoods manufacture. Product is pumped into the fibrous casing which is then smoked, dried or matured to make products such as salamis and pepperonis.

Glophane – a “cook in” food casing for whole-muscle products (for example silverside). Used solely for processing, not used for transport or retail sale.

Laminated Casings - trapped printed casing.

Functional casings – food casings that impart a physical characteristic to the filling (flavours or colours).

Poly casings – for use with all types of “emulsion” sausage, such as devon, pate, raw sausage mince and ham steaks. Poly casings can be used when either water cooking or steaming.

Double-wound film – two-layer film, used for trapping print between layers for higher definition. This film has high shrink and high barrier properties. For use when steam cooking emulsified products.

Barrier Bags – transparent shrinkable bags, which are produced in a number of sizes and thicknesses. Barrier bags are used for fresh meat, cheeses, cooked poultry, bacon and smallgoods.

Collagen casings – edible casing, which is used with raw, cooked or smoked sausages. Collagen casings are sold in various colours for different appearances,

Thermoform – multi-layer, high barrier film sold for packaging in various thicknesses depending on rigidity and depth requirements.

Clips - a metal clip that is closed around any bag, netting or casing.

Loops - used to hang sausages in: smokehouses, smoke trolleys, on smoke sticks, during maturing, during post maturing and for display at point of sale.

Labels - are attached to sausages and have information for customers on them such as brand and expiration date.

Engineering products:

In addition to the above packaging product categories, Globus Group also supplies customers with food processing machinery, spare parts, and servicing.

Suppliers

Globus Group’s packaging raw material and traded goods suppliers range in location from within Australia to Asia and Europe. Globus Group’s policy is to focus its efforts on the products of a relatively small number of high quality suppliers who work with Globus as true partners.

Globus Group offers suppliers high quality engineering support and manufacturing/conversion capabilities. This is coupled with highly developed

distribution channels, a skilled and experienced sales team and a company focussed on providing “perfect order” service to its customers.

Globus’ history demonstrates that supplier partnerships formed are lasting partnerships. Globus enters into new arrangements only where the products offer true innovation and competitive advantage to customers.

Suppliers are selected on their ability to supply goods and services to time, cost and quality requirements. Assessment of this ability may include, as appropriate:

- Past performance
- Capability
- Management systems

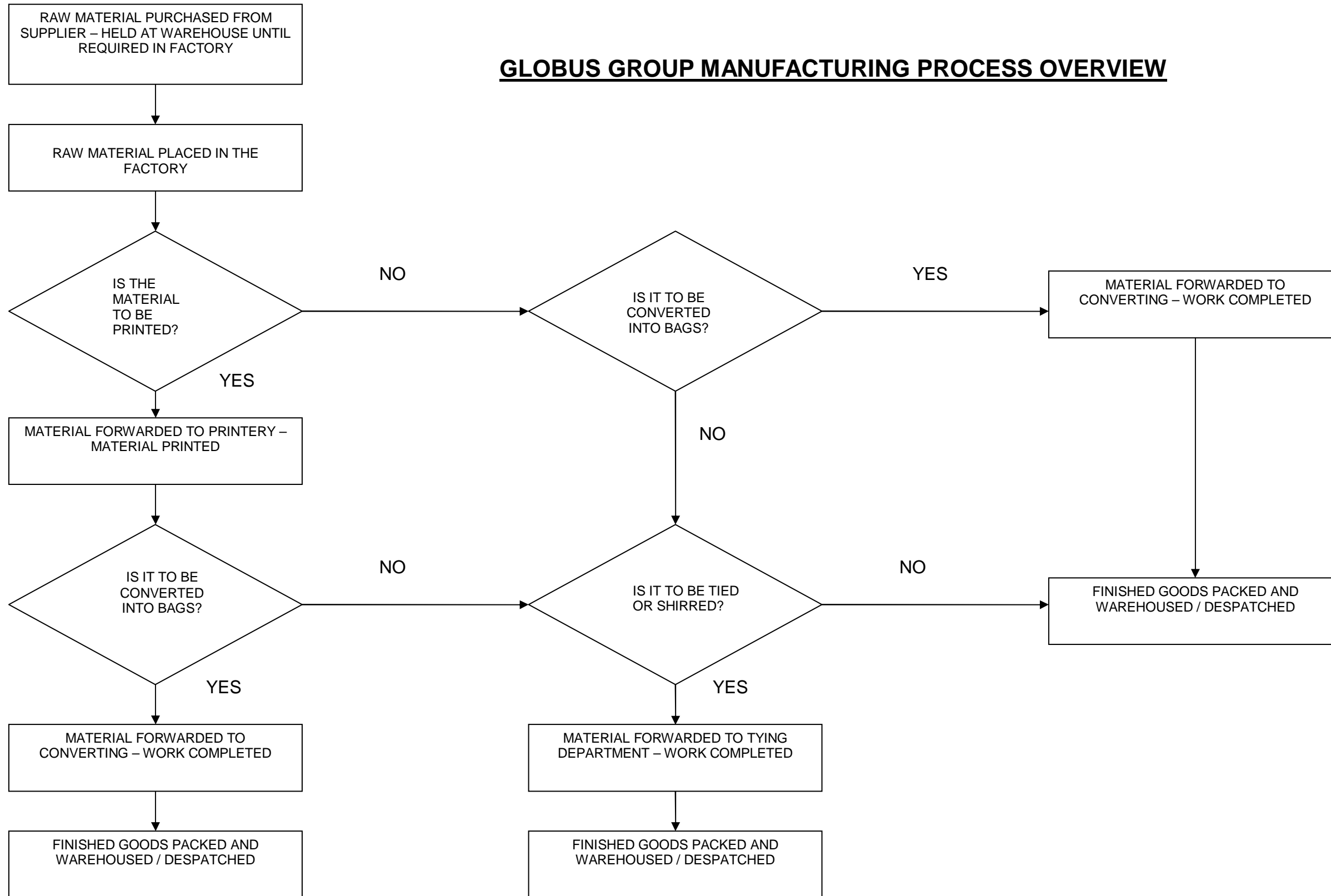
The majority of Globus’ raw materials are purchased from overseas – this is a function of the specialist nature of the material required. However, where possible Globus Group purchases from domestic suppliers and signatories to the National Packaging Covenant.

Process Overview

1. Raw material is purchased from one of Globus' suppliers. It is stored in its primary packaging in the warehouse until required by the manufacturing facility.
2. The material is transported to the factory where, depending on the nature of finished product required, it is passed through one or more processes.
3. If the product is to be printed with customer logos, nutritional information and product descriptions, this is the first process.
4. Printed or plain material depending on the material type may then be converted into bags or pieces of various lengths and finished with clips or loops to seal the material at one end – the bags or pieces would then be packed tightly in cartons and stored until requested by the customer.
5. Some material (either printed or plain) is pre-shirred. Pre-shirring is a process that takes a tube of material and concertinas it into a stick. 25-40 metres of material can be 'squashed' into a uniform stick, with a length of approximately 50 cms (this process itself actually reduces the amount of packaging required for despatch). These sticks of material are then packed in cartons for despatch.
6. Once goods are shipped to the customer, the casings are filled with the customer's product (eg meat, cheese, pet food etc). Subsequent processes may include cooking or maturing (within the Globus casing) prior to sale. The casing supplied by Globus Group may or may not be seen by the end consumer.

A flowchart of the Globus manufacturing process can be seen on the following page.

GLOBUS GROUP MANUFACTURING PROCESS OVERVIEW



Globus Group locations and primary activities

Globus Group employs approximately 70 staff across Australia, broken up between the following sites.

Bankstown, NSW

- Head Office
- Raw material store
- Manufacturing facility
- Finished goods store
- NSW, ACT and QLD customer distribution
- Distribution to regional warehouses in VIC and WA (WA operated by third party provider)

Campbellfield, VIC

- Sales, administration and distribution – VIC, SA, TAS

Belmont, WA

- Sales and distribution (via third party)

Coopers Plains, QLD

- Sales office, QLD

National Packaging Covenant and Globus Commitment

Globus Group became a signatory of the National Packaging Covenant in April 2003. Globus' CEO and executive management team remain 100% committed to the program, its principles and its obligations as signatory.

This commitment has been displayed through:

- Assigning responsibility for covenant compliance and action plan monitoring to the Technical Manager.
- Contribution to the transitional funding arrangements.
- Covenant action plan points becoming an agenda item in management review meetings.
- Sponsorship of a Packaging Magazine 'Evolution Award' to recognise and reward brand owner excellence in packaging waste management.
- A review of processes that lead to scrapped material from the factory.
- Purchase of new machinery that produce less waste or allow for more efficient use of materials.

Globus has maintained a reputation for innovation, research and development within the food packaging industry since its inception over 50 years ago. Commitment to the cause and ideology of the National Packaging Covenant is therefore inherent in the business' make up.

- Globus is committed to minimising excess and inappropriate packaging and its impact on the environment
- Globus is committed to further researching materials currently used for packaging being mindful of recyclability
- Globus is committed to educating its staff in the areas of packaging waste and disposal
- Globus is committed to working with partners in the supply chain for the betterment of waste management and recycling practices in Australia
- Globus is committed to the packaging covenant key concepts of shared responsibility and product stewardship

The Environmental Code of Practice for Packaging

Globus supports the Environmental Code of Practice for Packaging (ECoPP) which promotes excellence in packaging as defined by two fundamental and equally important principles. Packaging should be designed to have a minimum net impact on the environment in terms of waste, water, energy, emissions while also fully preserving the integrity of the product it contains.

As the ECoPP recognises, packaging provides convenient, safe, and cost efficient delivery of products to customers. Globus' packaging also ensures products are protected, have increased shelf life, and are clearly branded and marketed for end consumers at the point of sale.

Globus applies all relevant parts of the ECoPP in its NPC action plan. This in turn leads to a minimisation of negative environmental impacts whilst maximising environmental benefits. The areas of the ECoPP that Globus has addressed in its NPC action plan are as follows: source reductions, potential for re-use, recovery and recycling, minimising impacts of packaging, propensity to become litter, and consumer information. Through incorporating these areas of concern into our NPC action plan and setting specific quantifiable targets (KPI's) where possible, Globus aims to show real progress towards achieving the goals of the ECoPP.

Annual reporting against action plan:

Globus is committed to lodge a report against its NPC action plan to the Department of Environment and Heritage annually. Reports are to be lodged by 31st October each year.

Reports submitted are to clearly demonstrate continuous improvement and performance against individual targets (KPI's) and timelines in the attached action plan.

Waste Minimisation and Recycling

There are a number of existing programs within Globus Group positively impacting waste management, disposal and material recycling.

New machinery in the factory

There are three main new machines that have led to a decrease in scrap material and excess material reaching the end user.

The Heidelberg bag machine has allowed operators to ensure seal quality on barrier bags is of our quality standards and will not break in the market place hence there is less reject bags that end up in landfill.

The Comexi press allows for wider print runs hence less set up wastage between change over of rolls occurs when starting a print job.

Lastly the Bimec slitter allows the new laminated rolls or film to be slit after being laminated altogether hence less energy is used in each rolls manufacture.

All paper waste is now recycled using Bankstown Airport daily collections.

A recent and ongoing review (see action plan) of business waste produced highlighted that there was misuse of recycling bins. Staff have been trained under GMP to ensure all paper and cardboard waste that is recyclable is placed in the clearly marked paper recycling bins. Furthermore upon appointment of a full time cleaner, special paper and cardboard recycling points within the office area are now utilised.

Measurement system for production waste implemented and reported.

The current IFS system (Globus' inventory and financial management system) allows for a quantitative measure of material wastage. This is measured against a target which is reported to the senior management team and directors on a monthly basis. The Technical Manager oversees product quality which has resulted in Globus reducing quality problems with its products and hence decreasing wastage. Factory employees are made aware of the relationship between waste and commercial success through details in their job descriptions.

Action Plan Summary

Significant opportunities for improvement exist with Globus' business. The company has relocated its production to Bankstown which has given opportunity for improvements in efficiencies, and waste management.

Globus is accredited with an ISO9001:2000, covering all areas of the manufacturing process, and the management systems that underpin the business. Within the documented quality system particular emphasis is placed upon customer satisfaction and management of improvement strategies.

The Senior Management Team are fully aware of the negative impact waste has on the environment and the commercial performance of the business, and through management of the action plans outlined in this document feel that both areas can be successfully addressed. Performance against major KPI's will become an agenda item for monthly management meetings. The Chief Executive Officer accepts responsibility for ensuring team members are assigned appropriate tasks and perform activities so that due dates are met.



Action Plans – Actions Completed, as at October, 2008.

Focus Area	Actions	Impact	Completion Date	Current Situation
Design	Highlight excess and inappropriate packaging of raw materials supplied to Globus – negotiate suitable changes	Minimise packaging material brought into Australia	October 2004 (and ongoing) 2007 2008 - Ongoing	Changes requested to packaging methodology from 2 major suppliers, one has changed to cardboard pallets and ceased supplying material in cardboard drums with metal rims; one has removed metal strapping from cartons. Suppliers have been requested to improve the way rolls are stacked on pallets to reduce roll damage and resultant product waste.
Research / Design	Conduct overseas packaging material, machinery and methodology research tours	Further advancing packaging material (and therefore recycling) knowledge Further advancing packaging machinery technologies which can reduce customers' factory waste.	30 June 2004 (and ongoing) May, 2007 Sept., 2008.	5 extensive overseas tours have been conducted by senior managers with a focus on new product development. In May 2004, 12 members of the Globus team visited Germany to attend a specific trade show on meat processing and packaging. Globus management team visited Germany to attend a specific trade show on meat processing and packaging. Globus senior engineering management visited Europe for specific updating on new packaging machinery technologies.
Distribution	Re-use raw material packaging for despatch of finished goods	Reduce the number of cartons and pallets produced solely for finished goods despatch	2003 2007 2008 – ongoing	Globus' product mix has shifted towards goods that are traded as opposed to manufactured. The collagen casing and thermoform product lines are forwarded to customers in their original packaging therefore no additional packaging is introduced to the chain – primary packaging only used. Plastic pallets received from suppliers of raw materials are re-used for transporting goods to customers.
Labelling	"Recycling" logo displayed on cartons of despatched goods Product "usage best practice" information display on appropriate cartons.	Further highlight the message of cardboard recycling Reduce product waste due to mis-use.	Jan 2006 2009	New printing plates have been ordered for Globus' recyclable cardboard boxes. Proposed to print "Instructions for Use for Fibrous Casings" on those cartons



Focus Area	Actions	Impact	Completion Date	Current Situation
Market development	2004 Customer Survey included section on packaging and environment	Provide suggestions for Globus operational improvement	February, 2004	<p>There was a question in the customer survey relating to Globus packaging of product. Customers rated our packaging as 6.05 from a possible 7. No customers (many of whom are also signatories) requested changes to the way in which we supply product. All product is supplied in recyclable cardboard cartons.</p> <p>Globus staff are made available to talk with customers regarding Packaging Covenant commitments and support.</p>
Market development	A new product called form shrink has been introduced into the Australian packaging market which eliminates excess packaging caused by bags and creates a vacuum shrunk sealed package around the product.	Less excess packaging around the product	Introduced in 2004 and is currently gaining market penetration in Australia. Form Shrink film used over products such as cheeses, meats and smallgoods reduces packaging by 20%.	Due to confidentiality Globus can not release the numbers of customers using this type of packaging. Through increased marketing and educational courses for Globus Group Account Managers this packaging is gaining greater market share.
Market development	Launch new film to reduce food product waste	Reduction in fresh meat waste due to spoilage	October, 2008	A sales conference was held to internally launch a new film development, "B1000", for fresh meat which provides high shrink and a self weld of the inner surface at relatively low temperature. This self weld property together with the high shrink significantly reduces the film area to meat ratio thus reducing the spoilage effect of oxygen ingress.
Production	Continually review manufacturing and operational practices – seeking waste generation root causes – and eliminating such practices	Minimise waste	September, 2004 (Ongoing) 2007 2008 – ongoing	<p>Globus' waste management contractor has been changed upon relocation to Bankstown. Currently all paper and cardboard is recycled. Globus has on site 2 x 1.5 cubic metre recycling bins that are collected daily.</p> <p>Previous waste management contractor solely used landfill for all waste. This process was changed in Sept 2004.</p> <p>The business expansion into film laminate production allows the opportunity to down-gauge component films as technically appropriate.</p>
Production	Work centre analysis of scrap	Reduce inherent factory waste	2007 2008 - ongoing	<p>The Production Manager is currently introducing a new process to record all scrap from the factory and allocate it to a specific machine and work centre. This allows for deeper investigation and insight into the waste causing areas within the factory and hence focus is given to these areas.</p> <p>This recording process is continually being improved</p>
Production	Reuse rags full of solvent and ink from the printery	Constantly purchasing new rags and throwing out a drum full of old rags every month	2007 2008 – ongoing	Australian Waste Recycling is performing monthly collections of used rags. They clean them in an environmentally friendly process, bury the residue from the rags, and re-sell the now clean rags.



Focus Area	Actions	Impact	Completion Date	Current Situation
Production	Decrease the solvent that is used and then disposed of from the printing area.	Decrease solvent used	July 2006 Dec, 2007 2008 - ongoing	Globus is currently commissioning a new printing press. A solvent distillation unit will be purchased thereafter to recycle a portion of the solvent used. This will effectively reduce the amount of solvent discarded by Globus. A solvent distillation unit is now operational resulting in a significant reduction in the amount of solvent discarded by Globus.
Production	Globus commissioned a new bag machine in March 2006 which reduces excess packaging on each bag	Reduced inherent machine scrap	March, 2006	Globus' new bag machine has increase efficiencies due to speed plus allowed for higher seal reliability causing less faulty material to be put in the rubbish and sent to the landfill.
Production	Reduce adhesive usage	Reduced adhesive going to landfill as part of normal flexible packaging waste. 2008 - 2009 - 3.0Tonnes p.a. less adhesive	2008 - ongoing	Production process improvements have resulted in being able to significantly reduce the adhesive weight per square metre on the majority of jobs.
Production	Reduce barrier film gauge	Reduced film going to landfill as part of normal flexible packaging waste. 2008 - 2009 – 1.2Tonnes p.a. less film	2008 - ongoing	Prudent raw material sourcing has resulted in a change to a specific barrier film of a significantly lower gauge with no variation in barrier or other performance properties.

Disposal / Collection	Develop set of guidelines discouraging computer printing – move Globus towards a “paperless office”	Minimise paper waste	Complete 2007 - ongoing	New software and hardware has been leased enabling desktop faxing and scanning – reducing the amount of paper used within the office. Purchase orders can now be emailed, further reducing paper. Office waste paper is collected for recycling
Disposal / Collection	In depth review of current waste disposal methodology – develop appropriate action plans – e.g. waste separation	Significantly reduce quantity of unsorted waste – recyclable goods disposed of correctly	Complete 2007 - ongoing	Globus' waste management contractor has been changed. Now utilise services of large, international supplier, where all paper and cardboard is recycled. Globus has on site 2 x 1.5 cubic M recycling bins that are collected daily if required. In addition a specific weekly collection of all cardboard pallets and larger recyclable waste is coordinated. Previous waste management contractor solely used landfill for all waste. This process was changed in January 2004. Currently all paper and cardboard is recycled. Globus now has on site 4 x 1.5 cubic metre recycling bins that are collected weekly.



Focus Area	Actions	Impact	Completion Date	Current Situation
Education	Include packaging and waste awareness in company induction process	Increase staff focus on impact of packaging	Complete (On going)	Waste minimisation practices and incentives form a part of Globus' EBA. All position descriptions include waste oriented KPIs and the induction process will echo appropriate message.
Education	Include environment responsibility into job descriptions – waste minimisation	Increase staff focus on impact of packaging		
Education	Develop an environment policy	Enhance the business' environmental focus	Complete - July 2005	Globus is proud to stand behind its Environmental policy and has it clearly listed for all to view on the website.
Education	Develop and document a recycling system at each site	Provide all with a documented procedure for waste disposal	Complete	As per above, Globus' waste management provider has changed. Signage erected detailing recyclable collection and other. Cleaners that manage the office waste are clearly instructed on waste disposal practices.

Additional information

For additional information, please contact Globus Group's
National Packaging Covenant representative:

Gordon Greenaway
Technical Manager
Globus Group – Sydney

T: 02 8700 1778

F: 02 8700 1790

E: gordon.greenaway@globusgroup.com.au

W : www.globusgroup.com.au



National Packaging Covenant KPI Report

Survey Name:

The NPC Survey 2008

Company:

NPCIA

Lodged Date:

11/26/2008 11:20:11 AM

Lodged by:

GLOBUS GROUP PTY LTD

KPI 2A: Report energy consumption in Megajoules (MJ) per tonne of total packaging sold, by material type.

Paper

Cardboard - Standard

Cardboard - Waxed

Cardboard - High Wet Strength

Plastics - Type 1 (PET)

Plastics - Type 2 (HDPE)

Plastics - Type 3 (PVC)

Plastics - Type 4 (LDPE)

Plastics - Type 5 (PP)

Plastics - Type 6 (PS)

Plastics - Type 7 (Other)

3264

Glass

Aluminum

Steel

Composites

Other

KPI 2B: Report water consumption in Kilolitres (kL) per tonne of total packaging sold, by material type.

Paper

Cardboard - Standard

Cardboard - Waxed

Cardboard - High Wet Strength

Plastics - Type 1 (PET)

Plastics - Type 2 (HDPE)

Plastics - Type 3 (PVC)

Plastics - Type 4 (LDPE)

Plastics - Type 5 (PP)

Plastics - Type 6 (PS)

Plastics - Type 7 (Other)

2.70

Glass

Aluminum

Steel

Composites

Other

KPI 5A : Enter the percent of post-consumer recycled content in packaging manufactured, averaged over the year and broken down by packaging type. Enter values against each type of packaging that you produce

Paper

Cardboard - Standard

Cardboard - Waxed

Cardboard - High Wet Strength

Plastics - Type 1 (PET)

Plastics - Type 2 (HDPE)

Plastics - Type 3 (PVC)

Plastics - Type 4 (LDPE)

Plastics - Type 5 (PP)

Plastics - Type 6 (PS)

Plastics - Type 7 (Other)

Glass

Aluminum

Steel

Composites

Other

0

KPI 16A : Do you have on-site collection facilities for recycling? (consumer packaging i.e. used packaging materials, containers, wrapping or boxes etc used by staff or signatory)

Yes

KPI 16B : What types of on-site recycling facilities are provided?

Paper/cardboard	Yes
Plastics	No
Metals	No
Organics	No
Other	No

KPI 21 : Enter the estimated tonnage of consumer packaging sent for recycling and to landfill from onsite collection facilities (refer to KPI 16)

KPI 21A Consumer packaging from on-site collection which is sent for recycling

Total tonnes	21
Percentage of total waste	14

KPI 21B Consumer packaging from on-site collection which is sent to landfill

Total tonnes	130
Percentage of total waste	86

KPI 22A : Has the Environmental Code of Practice for Packaging been formally adopted ?

Yes

KPI 26A : Have you adopted a buy recycled purchasing policy or practices?

No

KPI 26B : Provide examples or quantitative data from this adoption

Total amount of product purchased that has recycled content (tonnes)

KPI 27A : Did you report indicative baseline data (where available), including qualifiers & assumptions, by 31st October 2007? (ie. Did you enter data last year)

Yes

KPI 27B : Have you reported established baseline data by 31 October 2008? ? (ie are you reporting data for the first time (?) this year)

No

KPI 28A : Report lodged by 31 October each year and outline progress against baseline data, individual Action Plan commitments, targets and timelines.

Yes

KPI 29: Annual report clearly demonstrates continuous improvement and performance against individual targets and timelines in Action Plan.

Yes